

# FY2012 Consolidated Financial Results

(All financial information has been prepared in accordance with Generally Accepted Accounting Principles in Japan)

May 10, 2012

Company name : DAICEL CORPORATION  
 Stock Exchange on which the shares are listed : Tokyo Stock Exchange and Osaka Securities Exchange in Japan  
 Code number : 4202  
 URL : http://www.daicel.com  
 Representative : Misao Fudaba, President and CEO  
 Contact person : Yoshifumi Hata, General Manager-Investor Relations & Corporate communications  
 Phone +81-3-6711-8121  
 Scheduled date of the general meeting of shareholders : June 27, 2012  
 Scheduled date of securities report submission : June 28, 2012  
 Preparation of supplemental materials for financial results : Yes  
 Holding of presentation of the financial results : Yes (for institutional investors and analysts)  
 Scheduled date of dividend payment : June 28, 2012

## 1. Consolidated Financial Results for the Year Ended March 31, 2012 (Amounts are rounded down to the nearest million)

	Net Sales		Operating income		Ordinary income		Net income	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
Year ended Mar. 31, 2012	341,942	△ 3.3	20,426	△ 37.6	21,094	△ 33.2	11,827	△ 29.6
Year ended Mar. 31, 2011	353,684	10.4	32,711	56.8	31,561	57.9	16,802	51.8

(Note) Comprehensive income : 11,297 millions of yen (△24.3%) for the year ended March 31, 2012 and 14,925 millions of yen (△29.9%) for the year ended March 31, 2011

	Net income per share	Diluted earnings per share	Return on equity	Ordinary income on total assets	Operating income to net sales
	Yen	Yen	%	%	%
Year ended Mar. 31, 2012	33.46	-	5.5	5.2	6.0
Year ended Mar. 31, 2011	47.22	-	8.0	7.5	9.2

(Reference) Equity in earnings of affiliates : 1,358 millions of yen for the year ended March 31, 2012 and 1,361 millions of yen for the year ended March 31, 2011

## (2) Consolidated Financial Position

	Total assets	Net assets	Shareholder's equity per total assets	Net assets per share
	Millions of Yen	Millions of Yen	%	Yen
Year ended Mar. 31, 2012	398,196	234,711	54.7	618.94
Year ended Mar. 31, 2011	411,071	235,336	51.6	596.06

(Reference) Shareholder's equity : 217,705 millions of yen as of March 31, 2012 and 212,052 millions of yen as of March 31, 2011

## (3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of year
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Year ended Mar. 31, 2012	34,000	△ 9,190	△ 25,044	33,435
Year ended Mar. 31, 2011	53,428	△ 20,141	△ 28,170	33,724

## 2. Dividends

(Reference data)	Cash dividends per share					Dividends in total (Annual)	Dividend payout ratio (consolidated basis)	Dividends on net assets (consolidated basis)
	1st quarter	2nd quarter	3rd quarter	4th quarter	Annual			
Year ended Mar. 31, 2011	Yen -	Yen 4.00	Yen -	Yen 6.00	Yen 10.00	Million Yen 3,557	% 21.2	% 1.7
Year ended Mar. 31, 2012	-	5.00	-	5.00	10.00	3,517	29.9	1.6
Year ending Mar. 31, 2013	-	5.00	-	5.00	10.00		22.0	

## 3. Forecast of consolidated financial results for the Year Ending March 31, 2012 (% of change from same period of previous year)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Yen
Six months ending Sep. 30, 2012	178,000	5.8	13,000	13.3	13,500	15.2	7,700	33.6	21.89
Year ending Mar. 31, 2013	365,000	6.7	27,000	32.2	28,000	32.7	16,000	35.3	45.49

### \*Notes

(1) Changes in significant subsidiaries during the fiscal year ended March 31, 2012: Not applicable  
 (Note) Changes in specified subsidiaries that caused a change in the scope of consolidation

(2) Changes in accounting principles, procedures, and presentation methods

- i Changes due to revisions to accounting standards: Not applicable
- ii Changes other than (2)-i: Not applicable
- iii Changes accounting estimate : Not applicable
- iv Retrospective restatement : Not applicable

(3) Number of shares issued (common share)

i Number of shares issued at the end of each period (including treasury stocks)	As of Mar. 31, 2012	364,942,682 shares	As of Mar. 31, 2011	364,942,682 shares
ii Number of treasury stocks at the end of each period	As of Mar. 31, 2012	13,202,440 shares	As of Mar. 31, 2011	9,185,807 shares
iii Average number of shares during the each period (Cumulative from the beginning of the fiscal year)	Year ended Mar. 31, 2012	353,480,467 shares	Year ended Mar. 31, 2011	355,817,902 shares

**(Reference) Overview of the Unconsolidated Financial Results**

1. Unconsolidated Financial Results for the Year Ended March 31, 2012

(Amounts are rounded down to the nearest million)

(1) Unconsolidated Operating Results

(% of change from previous year)

	Net Sales		Operating income		Ordinary income		Net income	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
Year ended Mar. 31, 2012	186,581	△ 4.7	3,520	△ 68.9	7,207	△ 54.4	14,180	45.0
Year ended Mar. 31, 2011	195,875	4.7	11,316	15.8	15,821	46.3	9,777	51.0

	Net income per share	Diluted earnings per share
	Yen	Yen
Year ended Mar. 31, 2012	40.12	-
Year ended Mar. 31, 2011	27.48	-

(2) Unconsolidated Financial Position

	Total assets	Net assets	Shareholder's equity per total assets	Net assets per share
	Millions of Yen	Millions of Yen	%	Yen
Year ended Mar. 31, 2012	288,974	178,575	61.8	507.69
Year ended Mar. 31, 2011	293,238	170,381	58.1	478.93

(Reference) Shareholder's equity : 178,575 millions of yen as of March 31, 2012 and 170,381 millions of yen as of March 31, 2011

※Implementation status of annual review procedures

This Financial Results report was exempt from the review procedures which was based on Financial Instruments and Exchange Law of Japan. At the time of disclosure of this report, the review procedures for the financial statements are in progress.

※Explanations or other special matters to appropriate use of the forecast of consolidated financial results

The forecast of consolidated financial results and certain other statements contained in this document are forward-looking statements, which are rationally determined based on information currently available to the company. For a variety of reasons, actual performance may differ substantially from these projections.

For the details of the above forecasts, please refer to Page 4 - 5.

## 2. Operating Results

### (1) Analysis of Operating Results

#### 1. Operating results for the fiscal year under review

##### [1] Overview of performance for the fiscal year under review

During the consolidated fiscal year under review, the overall Japanese economy was severely affected by the Great East Japan Earthquake. Even though recovery of production activities and signs of moderate turnaround of the economy were seen after the second quarter, the business climate remained unpredictable because of factors such as restriction of electricity supply, the aftermath of the nuclear power disaster, Thai flooding, further deterioration of overseas economies including Europe, and the appreciation of the yen beyond ¥80 against the dollar that continued from the second quarter to the mid-fourth quarter.

The industry the Daicel Group belongs to was also in a harsh situation, as the strong yen and surge in raw fuel prices put pressure on profit, although product demand for the automobile industry was on a recovery trend in the latter half of the year.

Amid such circumstances, the Daicel Group strived to improve its performance through production hikes in line with the recovery of production activities in the automobile and other industries, as well as through continuous cost reductions, while at the same time making steady efforts to meet the power cut target requested by the Japanese government.

As a result, sales for the consolidated fiscal year under review amounted to ¥341,942 million (down 3.3% year-on-year), reflecting a decrease in sales volume and the appreciation of the yen. The appreciation of the yen, the surge in raw fuel prices, and other factors pushed down profits as well. Operating income was ¥20,426 million (down 37.6% year-on-year), ordinary income was ¥21,094 million (down 33.2% year-on-year), and net income was ¥11,827 million (down 29.6% year-on-year).

Additionally, we posted an extraordinary loss of ¥434 million attributable to the Earthquake disaster, most of which included fixed costs for the period under review resulting from the operating ratio of the automobile airbag inflator business falling well below normal due to the effects of the Earthquake.

##### [2] Operating performance by business segment

#### **Cellulosic Derivatives**

Sales of cellulose acetate declined due mainly to a drop in demand for LCD film applications resulting from sluggish flat-screen TV sales.

Sales of acetate tow for cigarette filters also fell due to the strong yen despite strong overseas sales.

Consequently, overall segment sales amounted to ¥72,114 million (down 5.8% year-on-year). Operating income fell to ¥7,763 million (down 35.7% year-on-year) due mainly to the strong yen and surge in raw fuel prices.

#### **Organic Chemicals**

Sales of acetic acid, the segment's principal product, decreased adversely and were affected by stagnant demand mainly for purified terephthalic acid (PTA), which is its primary application and had been healthy until last autumn, coupled with the biennial periodical repairs performed at our Himeji Production Sector's Aboshi Plant.

As for general products, such as acetic acid derivatives and solvents, sales dropped due to the flagging domestic and overseas economies and the appreciation of the yen, despite solid ethyl acetate sales.

Functional products such as caprolactone derivatives, epoxy compounds, semiconductor resist materials, and others posted a decline in sales due to a plunge in demand for e-materials in both Japan and overseas and the strong yen.

Meanwhile, sales grew in the chiral chemicals (chiral enantiomers) business, such as optical resolution columns, backed by brisk column sales for China, India, and other overseas markets.

Consequently, overall segment sales amounted to ¥76,508 million (down 5.4% year-on-year). Operating income was ¥5,352 million (down 22.7% year-on-year) due mainly to the strong yen and surge in raw fuel prices.

#### **Plastics and Films**

The engineering plastics business, such as polyacetal (POM), polybutylene terephthalate (PBT), and liquid crystal polymers (LCP), is operated mainly by Polyplastics Co., Ltd., our consolidated subsidiary whose closing month is December, and its subsidiary companies. During the consolidated fiscal year under review, sales declined because of the aftermath of the Earthquake and the plunge in demand for e-materials. Sales growth was posted in the resin compound business centering on AS/ABS resins and engineering plastics alloy resins driven by restoration demand for some products, although automobile and other applications were affected by the Earthquake.

Sales of the resin processing business, including sheets, molded containers, and films, remained flat. Sluggish demand in the Japanese food industry was covered by a rise in demand following the Earthquake for some film products.

Consequently, overall segment sales amounted to ¥133,551 million (down 2.5% year-on-year). Operating income was ¥9,870 million (down 32.3% year-on-year) due primarily to the strong yen and the surge in raw fuel prices.

#### **Pyrotechnic Devices**

Sales of automobile airbag inflators (gas-generating devices) and gas-generating devices for seat belt pretensioners (PGG) slightly increased due to a rebound in sales volume along with the recovery of automobile production after the second quarter, despite the influence of the Earthquake and Thai flooding. Regarding the aerospace & defense businesses, sales of items such as gunpowder, missile components, and pilot emergency-escape systems dropped because of a decline in the quantities of some products procured by the Ministry of Defense.

Consequently, overall segment sales amounted to ¥53,197 million (slightly up year-on-year). Operating income was ¥5,003 million (down 14.7% year-on-year) and was affected by a lower capacity utilization ratio during the first quarter resulting from the Earthquake and the strong yen.

#### **Functional Products and Others**

Sales rose in the membrane business, including membrane modules for water treatment. Dialysis devices and sprinkler systems for the outdoor units of air conditioners and other applications sold well. Meanwhile, transport, warehousing, and other businesses posted sales decreases.

Consequently, overall segment sales amounted to ¥6,569 million (up 2.6% year-on-year). Operating income was ¥1,019 million (down 21.6% year-on-year).

## **2. Outlook for Fiscal 2013**

The Japanese economy is expected to recover gradually as it recovers from the Great East Japan Earthquake. However, given many concerns such as restriction of the electricity supply, the yen's appreciation, the surge in raw fuels, the financial crisis in Europe, and the trend of the Chinese economy, which has served as a driving force for the global economy, the situation will remain unclear and unpredictable.

The industry the Daicel Group belongs to is also required to step up efforts in order to cope with the restriction of the electricity supply, the yen's appreciation, and the need to secure stable procurement and respond to the price increase of raw fuels. There are a lot more challenges to address, such as response to demand fluctuation, which is difficult to predict, ensuring stable employment and cost competitiveness, enhancement of R&D, ensuring competitiveness in the global market, reduction of greenhouse gas emission, and strict compliance with environmental/safety regulations; thus, the operating climate is still

severe.

Under such circumstances, the business performance of the Daicel Group for the year ending March 2013 is expected to improve, owing to increases in sales volume of engineering plastics and automobile airbag inflators, along with the car production hike and our continuous efforts towards cost reduction. We forecast sales of ¥365,000 million, an operating income of ¥27,000 million, an ordinary income of ¥28,000 million, and a net income of ¥16,000 million.

The above consolidated business performance forecast has been prepared based on the information currently available. Actual results may differ from the forecast due to various factors that may arise in the future.

### 3. Progress of the Med-Term Management Plan and Achievement Status of the Target Management Benchmark

The Daicel Group has formulated a 3-year action plan ending Fiscal 2014 (fiscal year ending March 2014), called the new “3D-I” med-term plan, as the first step toward achievement of our long-term vision, “Grand Vision 2020.” The 3D-I targets were set as Group consolidated sales of ¥420,000 million and operating income of ¥45,000 million for Fiscal 2014, the final year of the plan.

During the consolidated fiscal year under review, which is the first year of said med-term plan, our business performance was severely affected by supply chain disruption caused by the Great East Great Earthquake and Thai flooding, the historically strong yen, the escalating raw fuel prices, and other factors. Despite such situations, we faithfully implemented various measures according to the med-term plan, such as the decision made to expand the production line for polyacetal (POM), a kind of engineering plastics, in Malaysia, establishment of a company that manufactures and sells automobile airbag inflators in South Korea, and acquisition of a US company that manufactures and sells initiators (ignition parts of automobile airbag inflators).

#### (2) Analysis of Financial Position

##### 1. Changes in assets, liabilities, and net assets

Total assets at March 31, 2012 were ¥398,196 million, down by ¥12,875 million from March 31, 2011, due primarily to a decline in property, plant, and equipment.

Total liabilities were ¥163,485 million, down by ¥12,249 million from March 31, 2011, due primarily to repayment of long-term loans.

Total net assets were ¥234,711 million. Total shareholders' equity, which is net assets minus minority interests, was ¥217,705 million. The shareholders' equity ratio was 54.7%.

##### 2. Situation of cash flow

###### Cash flows from operating activities

Cash flow from operating activities during the consolidated fiscal year under review increased by ¥34,000 million (an increase of ¥53,428 million for the same period last year). The increase in funds was mainly attributable to a ¥19,962 million net income before income taxes and ¥28,848 million of depreciation and amortization. Meanwhile, the main factors for the decrease in funds were a ¥6,409 million increase in trade receivables and an ¥8,248 million payment for corporate income taxes.

###### Cash flows from investment activities

Cash flow from investment activities during the consolidated fiscal year under review decreased by ¥9,190 million (a decrease of ¥20,141 million for the same period last year). The increase in funds was mainly attributable to a ¥2,519 million decrease in time deposits and a ¥5,479 million decrease in marketable

securities, while the main factor for the decrease in funds was an expenditure of ¥16,767 million for purchases of property, plant, and equipment.

#### Cash flows from financing activities

Cash flow from financing activities during the consolidated fiscal year under review decreased by ¥25,044 million (a decrease of ¥28,170 million for the same period last year). The decrease in funds was mainly attributable to ¥12,970 million for repayment of long-term loans, ¥3,893 million in dividend payments, ¥1,817 million for acquisition of treasury stock, and ¥7,792 million for payment of minority interest dividends.

As a result of the above, cash and cash equivalents at March 31, 2012 totaled ¥33,435 million.

The table below shows trends in cash flow indicators.

	March 2009	March 2010	March 2011	March 2012
Shareholders' equity ratio (%)	42.3	48.1	51.6	54.7
Shareholders' equity ratio on a market value basis (%)	28.2	53.4	44.4	47.1
Ratio of interest-bearing debts to cash flow (year)	3.6	1.6	1.8	2.4
Interest coverage ratio (times)	13.7	28.7	29.4	21.9

(Notes) Shareholders' equity ratio: Shareholders' equity/Total assets

Shareholders' equity ratio on a market value basis: Market capitalization/Total assets

Ratio of interest-bearing debts to cash flow: Interest-bearing debts/Cash flow from operating activities

Interest coverage ratio: Cash flow from operating activities/Interest expenses

1. Each indicator is calculated based on consolidated financial results.
  2. Market capitalization is calculated by multiplying the closing price at year end by the number of outstanding shares at year end (excluding treasury stocks).
  3. Cash flow from operating activities is net cash reported on the consolidated statement of cash flow.
- Interest-bearing debts include all consolidated balance sheet-reported liabilities on which interest is paid. For interest expenses, the amount of interest payment reported on the consolidated statement of cash flow is used.

#### (3) Basic Policy for Profit Distribution and Dividends for Fiscal 2012 and 2013

Daicel's basic dividend policy, from a comprehensive and long-term perspective, is to distribute profits in a balanced manner, taking into consideration a stable and sustainable shareholder return that is in line with the Company's consolidated financial results in each fiscal year, as well as enhancement of internal reserves to improve medium-to long-term shareholder value based on a more solid revenue base. The Company will also facilitate acquisition of its treasury stocks as a shareholder return measure to complement dividend payment.

As for the number of dividend payments in each fiscal year, we pay dividends twice a year based on the record dates: at the end of the second quarter and at the end of the year.

Internal reserves will be applied to investment in business expansion and reinforcement of highly-profitable business structures, such as R&D for new business development and strengthening of existing businesses, new construction and extension of facilities, efficiency improvement measures, and so on. Through future

business development, we will ensure a growing benefit to our shareholders.

In our 3-year 3D-I med-term plan from Fiscal 2012 to 2014, we have set a target of 30% for the shareholder return ratio (amount of dividends plus amount of treasury stocks acquired divided by consolidated net income for the year) to be achieved by the final year.

Daicel's consolidated business results for Fiscal 2012 posted decreases in both sales and profits, reflecting the aftermath of the Great East Japan Earthquake in the first half of the year, the yen's historic appreciation, surging raw fuel prices, and other factors.

Nevertheless, in order to continuously deliver stable dividends based on our policy as outlined above, we will hold discussions at the 146th ordinary general meeting of shareholders to be held on June 27, 2012 concerning payment of a year-end dividend of ¥5 per share. This, together with the interim dividend of ¥5 per share already paid in December 2011, will achieve an annual dividend of ¥10 per share for the year ended March 2012. Regarding the acquisition of treasurer stock, we made market purchases for a total of 4 million shares, worth approximately 1,800 million yen, from August to September 2011. As a result, the dividend payout ratio for the year ended March 31, 2012 will be 45.2%.

For the next fiscal year, Daicel currently plans to pay an annual dividend of ¥10 per share (including an interim dividend of ¥5).

3. Consolidated Financial Statements  
(1) Consolidated Balance Sheets

(Unit: Millions of Yen)

	As of Mar. 31, 2011	As of Mar. 31, 2012
Assets		
Current assets		
Cash and deposits	34,140	31,649
Notes and accounts receivable-trade	70,628	76,675
Short-term investment securities	9,935	3,925
Inventories	70,503	71,134
Deferred tax assets	4,636	2,916
Other	8,120	10,928
Allowance for doubtful accounts	(56)	(60)
Total current assets	197,908	197,170
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	47,113	43,739
Machinery, equipment and vehicles, net	69,956	54,964
Tools, furniture and fixtures, net	2,339	2,151
Land	26,543	26,503
Construction in progress	4,734	11,845
Total property, plant and equipment	150,689	139,204
Intangible assets	2,799	2,393
Investments and other assets		
Investment securities	45,828	44,209
Deferred tax assets	884	1,628
Other	13,107	13,745
Allowance for doubtful accounts	(145)	(154)
Total investments and other assets	59,673	59,428
Total noncurrent assets	213,162	201,026
Total assets	411,071	398,196



	As of Mar. 31, 2011	As of Mar. 31, 2012
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	44,991	46,212
Current portion of bonds		10,000
Short-term loans payable	9,815	12,020
Current portion of long-term loans payable	12,806	13,482
Lease obligations	28	15
Income taxes payable	3,710	1,515
Provision for repairs	3,332	161
Other	16,061	18,420
Total current liabilities	<u>90,745</u>	<u>101,828</u>
Noncurrent liabilities		
Bonds payable	30,000	20,000
Long-term loans payable	41,592	27,730
Lease obligations	14	-
Deferred tax liabilities	1,950	485
Provision for retirement benefits	9,428	10,498
Provision for directors' retirement benefits	54	58
Provision for repairs	70	1,129
Asset retirement obligation	1,039	1,030
Other	838	723
Total noncurrent liabilities	<u>84,988</u>	<u>61,656</u>
Total liabilities	<u>175,734</u>	<u>163,485</u>
Net assets		
Shareholders' equity		
Common stock	36,275	36,275
Capital surplus	31,579	31,579
Retained earnings	143,813	152,858
Treasury stock	(4,195)	(6,011)
Total shareholders' equity	<u>207,472</u>	<u>214,701</u>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	12,516	11,507
Deferred gains or losses on hedges	(153)	(115)
Foreign currency translation adjustment	(7,783)	(8,387)
Total accumulated other comprehensive income	<u>4,579</u>	<u>3,004</u>
Minority interests	23,284	17,005
Total net assets	<u>235,336</u>	<u>234,711</u>
Total liabilities and net assets	<u>411,071</u>	<u>398,196</u>

## (2) Consolidated Statements of Income

(Unit: Millions of Yen)

	Year ended Mar. 31, 2011	Year ended Mar. 31, 2012
Net Sales	353,684	341,942
Cost of sales	269,791	271,200
Gross profit	83,893	70,742
Selling, general and administrative expenses	51,182	50,316
Operating Income	32,711	20,426
Non-operating income		
Interest income	205	307
Dividends income	889	1,263
Equity in earnings of affiliates	1,361	1,358
Other	704	1,028
Total non-operating income	3,161	3,958
Non-operating expenses		
Interest expenses	1,783	1,478
Foreign exchange loss	1,186	321
Other	1,340	1,490
Total non-operating expenses	4,311	3,289
Ordinary income	31,561	21,094
Extraordinary gain		
Gain on disposal of noncurrent assets	9	27
Gain on sales of investment securities	92	-
Gain on sales of subsidiaries and affiliates' stocks	382	239
Gain on liquidation of subsidiaries and affiliates	-	821
Subsidies from municipal governments	-	1,000
Total extraordinary gain	484	2,089
Extraordinary loss		
Loss on retirement of noncurrent assets	479	1,496
Impairment loss	318	374
Loss on reduction of noncurrent assets	-	911
Loss on valuation of investment securities	361	3
Loss on disaster	343	434
Effect of application of accounting standard for asset retirement obligations	831	-
Total extraordinary loss	2,334	3,221
Income before income taxes and minority interests	29,712	19,962
Income Taxes		
Income taxes -current	7,144	4,607
Income taxes for prior periods	1,540	-
Income taxes-deferred	(1,870)	1,332
Total income taxes	6,813	5,939
Income before minority interests	22,898	14,022
Minority interests in income (loss)	6,095	2,195
Net income	16,802	11,827

## (3) Consolidated Statement of Comprehensive Income

(Unit: Millions of Yen)

	Year ended Mar. 31, 2011	Year ended Mar. 31, 2012
Income before minority interests	22,898	14,022
Other comprehensive income		
Valuation difference on available-for-sale securities	(4,399)	(1,058)
Deferred gains or losses on hedges	33	38
Foreign currency translation adjustment	(3,277)	(1,705)
Share of other comprehensive income of associates accounted for using equity method	(329)	(0)
Total other comprehensive income	<u>(7,973)</u>	<u>(2,724)</u>
Comprehensive income	<u>14,925</u>	<u>11,297</u>
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	9,565	9,832
Comprehensive income attributable to minority interests	5,359	1,465

## (4) Consolidated Statement of Cash Flows

(Unit: Millions of Yen)

	Year ended Mar. 31, 2011	Year ended Mar. 31, 2012
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	29,712	19,962
Depreciation and amortization	33,528	28,848
Impairment loss	318	374
Interest and dividends income	(1,094)	(1,571)
Interest expenses	1,783	1,478
Equity in (earnings) losses of affiliates	(1,361)	(1,358)
Loss (gain) on disposal of noncurrent assets	(9)	(27)
Loss on retirement of noncurrent assets	479	1,496
Loss on reduction of noncurrent assets	-	911
Gain on liquidation of subsidiaries and affiliates	-	(821)
Subsidy income	-	(1,000)
Decrease (increase) in notes and accounts receivable-trade	1,092	(6,409)
Decrease (increase) in inventories	(9,022)	(1,130)
Increase (decrease) in notes and accounts payable-trade	3,934	1,329
Other, net	3,323	(626)
Subtotal	<u>62,685</u>	<u>41,455</u>
Interest and dividends income received	2,324	2,347
Interest expenses paid	(1,819)	(1,553)
Income taxes paid	(9,762)	(8,248)
Net cash provided by (used in) operating activities	<u>53,428</u>	<u>34,000</u>
Net cash provided by (used in) investing activities		
Net decrease (increase) in time deposits	(2,629)	2,519
Net decrease (increase) in short-term investment securities	(6,496)	5,479
Purchase of property, plant and equipment	(11,393)	(16,767)
Proceeds from sales of property, plant and equipment	14	9
Purchase of intangible assets	(358)	(626)
Purchase of investment securities	(1,920)	(1,750)
Proceeds from sales and redemption of investment securities	1,580	526
Payments of loans receivable	(32)	(31)
Collection of loans receivable	1,078	507
Proceeds from liquidation of subsidiaries and affiliates	-	1,237
Subsidy income	-	1,000
Other, net	18	(1,294)
Net cash provided by (used in) investing activities	<u>(20,141)</u>	<u>(9,190)</u>
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(938)	1,398
Proceeds from long-term loans payable	5,163	-
Repayment of long-term loans payable	(24,154)	(12,970)
Purchase of treasury stock	(101)	(1,817)
Proceeds from sales of treasury stock	9	0
Cash dividends paid	(3,558)	(3,893)
Cash dividends paid to minority shareholders	(4,591)	(7,792)
Other, net	-	28
Net cash provided by (used in) financing activities	<u>(28,170)</u>	<u>(25,044)</u>
Effect of exchange rate change on cash and cash equivalents	<u>(1,520)</u>	<u>(27)</u>
Net increase (decrease) in cash and cash equivalents	<u>3,595</u>	<u>(261)</u>
Cash and cash equivalents at beginning of period	<u>30,128</u>	<u>33,724</u>
Increase in cash and cash equivalents from newly consolidated subsidiary	-	156
Amount of increase of cash equivalent of beginning of period due to changes in the accounting period of consolidated subsidiaries	-	(183)
Cash and cash equivalents at the end of period	<u>33,724</u>	<u>33,435</u>

## 5. Segment information

Year ended Mar. 31, 2011

(Unit: Millions of Yen)

	Cellulosic derivatives	Organic chemicals	Plastics and films	Pyrotechnic devices	Functional Products and others	Total	Corporate and eliminations	Consolidated
Net sales								
Outside customers	76,551	80,870	136,987	52,870	6,404	353,684	-	353,684
Intersegment sales	2,781	14,384	10	-	10,133	27,309	(27,309)	-
Total	79,332	95,255	136,997	52,870	16,537	380,993	(27,309)	353,684
Operating income (loss)	12,069	6,922	14,576	5,863	1,299	40,731	(8,020)	32,711
Assets	87,712	69,095	124,172	48,458	7,165	336,604	74,467	411,071
Depreciation	12,754	8,098	6,458	4,632	299	32,244	542	32,786
Investment in equity method investees	3,373	137	2,112	-	-	5,624	-	5,624
Capital expenditure	908	2,626	3,429	2,067	287	9,320	592	9,912

Year ended Mar. 31, 2012

(Unit: Millions of Yen)

	Cellulosic derivatives	Organic chemicals	Plastics and films	Pyrotechnic devices	Functional Products and others	Total	Corporate and eliminations	Consolidated
Net sales								
Outside customers	72,114	76,508	133,551	53,197	6,569	341,942	-	341,942
Intersegment sales	2,629	15,054	12	-	9,479	27,174	(27,174)	-
Total	74,744	91,562	133,563	53,197	16,049	369,117	(27,174)	341,942
Operating income	7,763	5,352	9,870	5,003	1,019	29,008	(8,582)	20,426
Assets	80,657	66,499	120,238	58,735	7,064	333,195	65,001	398,196
Depreciation	9,962	6,950	6,549	3,998	263	27,724	591	28,316
Investment in equity method investees	3,698	138	2,389	-	-	6,225	-	6,225
Capital expenditure	3,052	4,553	6,498	3,666	193	17,963	776	18,740

## 6. Related information

(1) Product and Service information

Year ended Mar. 31, 2012

(Unit: Millions of Yen)

	Cellulosic derivatives	Organic chemicals	Plastics and films	Pyrotechnic devices	Functional Products and others	Total
Sales to outside customers	72,114	76,508	133,551	53,197	6,569	341,942

(2) Geographic information

(i) Net sales

Year ended Mar. 31, 2012

(Unit: Millions of Yen)

Japan	Asia		Other	Total
	China	Other		
206,516	40,150	51,842	43,433	341,942

(ii) Property, Plant and equipment

Year ended Mar. 31, 2012

(Unit: Millions of Yen)

Japan	Asia	Other	Total
110,122	22,487	6,593	139,204

## 7. Information of Impairment loss

Year ended Mar. 31, 2012

(Unit: Millions of Yen)

Cellulosic derivatives	Organic chemicals	Plastics and films	Pyrotechnic devices	Functional Products and others	Corporate and eliminations	Total
-	374	-	-	-	-	374